

**Introduced by Senator Denham**February 24, 2006

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An act to amend Section 11734 of the Insurance Code, relating to insurance.

## LEGISLATIVE COUNSEL'S DIGEST

SB 1625, as introduced, Denham. Workers' compensation insurance: uniform experience rating plan.

Existing law provides for the regulation of insurance by the Insurance Commissioner. Existing law provides for the payment of workers' compensation benefits to employees injured in the course of employment. An existing regulation prohibits a person from being licensed as a horse racing trainer, owner, trainer-driver, or in any other capacity in which the person acts as the employer of a licensee, at any authorized race meeting, unless liability for workers' compensation has been secured and evidence thereto is provided to the board.

This bill would allow a uniform experience rating plan to meet the regulatory requirement by requiring an insurer issuing a workers' compensation policy to a horse trainer to attach to the policy an alternate employer endorsement that has been approved by the commissioner, as specified.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Section 11734 of the Insurance Code is
- 2 amended to read:
- 3 11734. (a) (1) Every workers' compensation insurer shall
- 4 adhere to a uniform experience rating plan filed with the

1 commissioner by a rating organization designated by the  
2 commissioner and subject to his or her disapproval.

3 (2) *A uniform experience rating plan may enforce compliance*  
4 *with Section 1501 of Title 4 of the California Code of*  
5 *Regulations by requiring any insurer issuing a workers'*  
6 *compensation policy to a horse trainer licensed by the California*  
7 *Horse Racing Board to attach to the policy an alternate*  
8 *employer endorsement that has been approved by the*  
9 *commissioner and completed with blanket wording to indicate*  
10 *that the covered alternate employer is: "each licensed person or*  
11 *entity who owns horses trained by the insured(s) to the extent the*  
12 *person or entity is exposed to liability as an employer of the*  
13 *person claiming benefits."*

14 (b) The commissioner shall designate a rating organization to  
15 assist him or her in gathering, compiling, and reporting relevant  
16 statistical information, and to develop a classification system. An  
17 insurer may develop its own classification system upon which a  
18 rate may be made or adopt the classification system developed by  
19 the designated rating organization; provided, however, that any  
20 classification system developed by an insurer must be filed with  
21 the commissioner 30 days prior to its use. The commissioner  
22 shall disapprove a classification system filed by an insurer  
23 pursuant to this section if the insurer fails to demonstrate that the  
24 data thereby produced can be reported consistent with the  
25 uniform statistical plan or the classification system developed by  
26 the rating organization. Every workers' compensation insurer  
27 shall record and report its workers' compensation experience to  
28 the designated rating organization as set forth in the uniform  
29 statistical plan approved by the commissioner.

30 (c) The designated rating organization shall develop and file  
31 manual rules, subject to the approval of the commissioner,  
32 reasonably related to the recording and reporting of data pursuant  
33 to the uniform statistical plan, uniform experience rating plan,  
34 and any classification systems that may be in effect. Every  
35 workers' compensation insurer shall adhere to the approved  
36 manual rules and experience rating plan in writing and reporting  
37 its business. No insurer shall agree with any other insurer or with  
38 a rating organization to adhere to manual rules that are not  
39 reasonably related to the recording and reporting of data pursuant

1 to the uniform statistical plan or classification system developed  
2 by the rating organization.

3 (d) The designated rating organization shall also develop and  
4 file with the commissioner a weekly premium per employee for  
5 each classification used or proposed for use by that organization.  
6 The weekly premium shall be developed by applying the  
7 proposed rate for each classification to the state average weekly  
8 wage. For the purpose of this section, “state average weekly  
9 wage” means the average weekly wage paid by employers to  
10 employees covered by unemployment insurance as reported by  
11 the United States Department of Labor for California for the 12  
12 months ending March 31 of the calendar year preceding the year  
13 in which the injury occurred.